



**HUMAN RESOURCE PRACTICES AND EMPLOYEE RETENTION IN LOCAL
GOVERNMENTS IN UGANDA: A CASE STUDY OF MBALE DISTRICT LOCAL
GOVERNMENT**

BY

STELLA WANDA

REG NO 12/MMS/PAM/27/130

**A DISSERTATION SUBMITTED TO THE SCHOOL OF MANAGEMENT SCIENCE
IN PARTIAL FULFILLMENT OF THE REQUIREMENTS FOR THE AWARD OF A
MASTERS DEGREE IN MANAGEMENT STUDIES (PUBLIC ADMINISTRATION AND
MANAGEMENT) OF UGANDA MANAGEMENT INSTITUTE**

DECEMBER, 2015

DECLARATION

I, Stella Wanda, hereby declare that this research dissertation is my original work and has never been submitted or presented at any institution for award of a degree, diploma or certificate.

Signed:

.....

STELLA WANDA

Date:

APPROVAL

We the undersigned certify that this dissertation on “Human Resource Practices and Employee Retention in Local Governments in Uganda: A case study of Mbale District Local Government was done under your supervision. The dissertation is being submitted for examination with our approval.

Signed:

.....

DR. MARY BASAASA MUHENDA

Date:

.....

MR. ADRIAN BEINEBYABO

Date :

DEDICATION

This work is dedicated to four people: my late father and mother, Mr. Jephthan Frederic Wanda and Jemima Wanda, Mr. Bwoch Gustavo Orach Lujwero- Retired Accountant General of the Republic of Uganda and Dr. Okonye Akonya, Commissioner of Inspectorate and Internal Audit Department of Accountant General's Office.

As I wrote this dissertation, I remembered my dear parents for the love and care they accorded me to complete a Diploma in Business Studies and Bachelors Degree of Public Administration. Before they passed on, my parents felt happy whenever I gave them the account of education progress. I saw darkness when these two people died and miss their compliments. My only hope as I wrote this book was that, I knew daddy and mummy were God fearing and loving people and therefore, I have no doubt that they are enjoying eternal life.

Mr. Bwoch Gustavo Orach Lujwero- and Dr. Okonye Akonya protected no coin in matters of paying my tuition for the Masters Degree and other scholastic materials. May God reward them with the gift of life. The assurance I would like to make to my late parents and all those who assisted me during my education pursuit, is that I shall emulate their example of helping the needy children in our community to go to school and complete school.

ACKNOWLEDGEMENT

I wish to express my sincere gratitude to my supervisors; Mr. Adrian Beinebyabo, Consultant, at Uganda Management Institute and Dr. Mary Basaasa Muhenda, Academic Registrar Uganda Management Institute. They dedicated part of their valuable time to supervise my work. I thank them for the critical but constructive comments in the production of this report.

I am indebted to my husband James Hasango (Mr) who gave me the support and comfort that I dearly required as I carried out this research. I am also grateful to my colleague at work Grace Nalubwama (Miss) for assisting me with her laptop right from the first workshop up to the time of Research Proposal defence. Keep up the spirit. The words of encouragement from my friend Sarah Mulumba, Agnes Nayiga and my sister Juliet Bukosera cannot go unnoticed.

I must thank the Chief Administrative Officer and the staff of the departments of Production, Health, Finance and Administration of Mbale District Local Government who were my respondents. The information they provided me was useful for building the body of my dissertation.

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LIST OF ABBREVIATIONS

HRM	-	Human Resource Management
UK	-	United Kingdom
DLG	-	District Local Government
KCCA	-	Kampala City Council Authority
MOFPED	-	Ministry of Finance, Planning and Economic Development
UNDP	-	United Nations Development Program
USAID	-	United States Agency for International Development
NAADS	-	National Agricultural Advisory Services
MP	-	Member of Parliament
HR	-	Human Resource
SPSS	-	Statistical Package of Social Scientists

ABSTRACT

The subject of human resource practices has become an important issue given the role it plays in organizational development. Consequently, this study investigated the influence of human resource practices on the retention of employees in Local Governments in Uganda. In particular, the study was carried out in Mbale District Local Government. The study specifically sought to ascertain the effect of rewards, training and performance appraisal on employee retention in the district. Across sectional research design was adapted where a total sample of 224 respondents were consulted accounting for 70% of the targeted respondents. The primary data was collected using self administered questionnaires for employees, as well as interview guides for key informants. A documentary review checklist was the main source of secondary data used in the study. Consequently, both qualitative and quantitative data were collected. Collected data was analyzed using a computer program of statistical package for social scientists. Research findings revealed that the rewards offered to employees contributed to approximately 28.7% variance in the retention rates. Similarly training was also seen to be fundamentally accounting for 32.3% variance in the retention of employees at the district. Besides, performance appraisals were discovered to variably impact 43.2% of the retention of employees according to the study. In order to improve retention the study recommended developing a policy framework and providing a budget line for employee rewards. Also provision of timely appraisal feedback to employees was recommended on top of provision of specialized courses for all staff without discrimination.

CHAPTER ONE

INTRODUCTION

1.1 Introduction

This study examined the effect of human resource practices on retention of employees in local governments in Uganda using a case study of Mbale District local Government. The independent variable was human resource practices while the dependent variable was retention of employees. The study discussed how rewards, training and performance appraisal affects retention of employees. This chapter presents the background to the study, statement of the problem, purpose of the study, specific objectives, research questions, hypotheses, conceptual framework, scope of the study, significance, justification and operational definitions.

1.2 Background to the Study

The background of the study provided an overview to the study and was presented under historical, theoretical, conceptual and contextual backgrounds.

1.2.1 Historical Background

The increasing global competition for the “best” employees brought about by shortfalls in new work force entrants in many advanced industrial economies makes essential organizations’ ability to ensure that their employees will keep on working for them in order to maintain their competitive advantage. However, a large, and perhaps growing, number of employees nowadays do not want a traditional career within one organization (Burke &Ng 2006). Consequently they are less loyal and more opportunistic than Workers in the past (Burke &Ng 2006; Hiltrop 1999). The links between human resource policies and procedures make

individual contribution and organizational performance particularly relevant to employers in UK Local Government where the modernization of public service has been supported by the compulsory external system of “Best Value” introduced by Local Government Act 1999. New labor government initiatives, such as “Best Value Review” and “Comprehensive Performance Assessment,” are processes of measurement and evaluation that require local authorities to achieve targeted standards of performance across the range of their services. Although, there are no grounds, (Radnor & McGuire, 2004) suggest that these systems are not equally applicable in the public sector as (Truss, 2001) observes, that the overall understanding of how such HRM processes actually contribute to organizational performance continues to be limited.

Boxall and Parcell (2000) suggest that the tendency to take an overly simplistic view of their link to organizational performance is aggravated by a failure to take account of how these are shaped by the prevailing organizational, industrial and national context. It is argued that this is the case in UK Local Governments where approaches of performance are still heavily influenced by a traditional inclination towards a bureaucratic and regulatory approach to the employment relationship despite attempts to introduce market type mechanisms into the sector such as compulsory competitive tendering. For instance two unitary authorities in Midlands region of UK had 13500 and 14000 workforce respectively. These two county councils were faced with problems presented by a large urban and inner city development. Highly financing companies attracted their workforce and the two councils remained with 7000 and 8000 workers respectively.

While literature is inconclusive on the role that individual characteristics play in choice of remote practice, it is quite unanimous that the general living environment, together with social obligations are important elements in decisions on where to work. Lack of housing, lack of

health care and lack of schools for children is quoted internationally as reasons why staffs either do not join or leave health services in remote areas. They were raised in research conducted among health care providers in Navaijo Area Indian Health Services as well as Ecuador (Mensah, 2002).

The importance of general living conditions, including staff accommodation, schools and qualified teachers, good drinking water, electricity, roads and transport also feature prominently in study conducted by (Mensah, 2002) into factors affecting retention of health workers in rural Ghana. When study participants were asked what factors would make them refuse postings lack of accommodation was ranked first, followed by lack of schools and qualified teachers, good drinking water, electricity, roads and transport. Participants were asked what was keeping them in their posts (posting directive from above and to care for aging parents featured most prominently).

Fresta (2000) points out that in Angola in the mid -1990's, for example doctors could earn the equivalent of their weekly salary in the public sector in one hour of private work. The implication of this is that factors relating to primary employment may be overridden by the availability of the secondary employment, thus affecting people's choice of post and location.

The shifts in retention and turnover experienced in the South Africa labour market are also experienced internationally. The war for talent is an international phenomenon (Hay, 2001). The demand for retention of talent is therefore not a challenge unique to South African employers. In South Africa these challenges are aggravated by three additional factors: the emigration of skilled people that has and still taking place at an alarming rate (Frost, 2002); the relative scarcity of specialist and managerial employees due to oversupply of unskilled labor and

undersupply of skilled labor (Frost, 2002) and national drive to address employment equity which is fuelling the war for talent among people from designated groups. As far as retention is concerned, the employer has to explore and then manage the factors or attributes that influence such skilled or talented to either “stay” or “leave” (Dibble, 1999).

According to Acom (2005) and earlier researchers (Ssekamwa & Lugumba, 1973), it is pointed that in Uganda during pre-independence period as well as 1960’s to early 1990’s teachers benefited a lot in terms of respect from the public and earned reasonable salary. Therefore retention of teachers was experienced in schools as provided by the Government Education Act 1970 and Board of Governors Regulation Act 1991. However, political upheavals and economic mismanagement of 1970’s and early 1980’s affected the education sector. That according to records from District Education Officer in Kumi (1998) the average rate of teachers attrition in Uganda was 4%.

Paradath et.al, (2003) argue that in most cases employee retention crisis in organizations is caused by push factors such as low remuneration, work associated risks, unrealistic workloads, poor infrastructure and sub optimal work conditions. Mbale DLG is one of the districts in Uganda with the same challenge which attracted the need to execute a study to find out why retention of employees in this Local Government was a challenge.

1.2.2 Theoretical Background

Many theories on motivation and retention of employees have been developed over time and many researchers primarily build upon these for their studies. Most notable are; Equity theory (1965) Expectancy theory (1964); Herzberg (1959) two factor theory, Maslow (1943) theory

and Human capital theory; This study was based on Frederick Herzberg (1959) and Maslow (1943) theories.

Herzberg (1959) constructed a two- dimensional paradigm of factors affecting people's attitudes about work. He concluded that such factors as company policy, supervision, interpersonal relations, working conditions and salary are hygiene factors rather than motivators. According to the theory, the absence of hygiene factors can create dissatisfaction, but their presence does not motivate or create satisfaction. In contrast, he determined that motivators were elements that enriched a person's job. Fredrick Herzberg clearly explains what motivates a worker at work place and what causes employee turnover. When critical analysis is done on Fredrick Herzberg (1959)'s two factor theory in comparison with the problem under investigation, the crucial factors identified in the theory provide a guide for systematizing and interrelating the various aspects of this study.

On the other hand Abraham Maslow (1943) uses the hierarchy of needs to explain employee retention and attrition. According to him, providing employees with opportunities for advancement is a means through which self actualization needs can be met within the organization. Maslow argued that each need is substantially satisfied in sequence. According to Maslow's argument, a person designing job security dedicate efforts to ensure it and will not be concerned with recognition. Maslow also claimed that higher levels of satisfaction for a particular need decrease its potential as a motivator.

1.2.3 Conceptual Background

Agarwal (1998) defines reward as something to offer by the organization to the workers in response of their performance and contributions. This can be amount of pay; benefits or

equivalents employees receive in return for services they render to the organization. Reward can be intrinsic or extrinsic. Rewards can also be in form of recognition or certificate such as commendation certificate or worker of month, awards, free trips and free merchandise. Rewards in a way make a psychological contract between the employer and employees complete and this can foster retention or turnover of employees depending on their perceptions.

Armstrong (2009) defines monetary rewards as financial incentives which include salary, bonuses, profit sharing schemes, among others which employees receive in return for services rendered to the organization. According to Braton and Gold (2003) non-monetary rewards are non-financial incentives which include insurance, uniforms, study leave, holidays, staff retreats, praise, recognition and trainings. They explain that regular appreciation of employees by managers through praise and recognition encourages good behavior from staff and strengthen their attachment to the organization.

According to Decenzo & Robbins, (1996) training is a process by which managers at all levels attain the necessary experience, skills and attitudes to become or remain successful performers in their organizations. It therefore focuses development possibilities within a job or position for specific employees, with reference to the employee's personal growth and personal goals and it can either be on the job or off the job training. This is nevertheless with the view of promoting efficiency and effective performance at respective work places.

Robbins (2004) explains that in house training is where an individual is placed on a regular job and is taught the necessary skills to perform that job. It involves job rotation, coaching, under study assignments and formal mentoring programs. Coaching and mentoring involves putting employees under particular supervisor who performs a function of a coach and mentor in the

training process. The trainer through coaching and mentoring imparts job knowledge to the trainee on how to perform the job. Robbins (2004) defines out house training as the method of training where the trainee is separated from the job situation to acquire knowledge and skills. He argues that this training includes live classroom lectures, seminars, self study programs and group activities which use role plays and case studies. Ample time is availed to concentrate as compared to people who pursue further studies while working. This opportunity gives such employees a particular advantage over their counter parts and are motivated to offer services for a longer period if sponsored by the organization.

Performance Appraisal according to (Dessler, 2011) is an instrument or form to assess an employees' job performance; an interview where an employees' job performance is assessed and feedback is given to the employee; a system of setting employee job expectations or employee actual job performance or assessing employee performance or feedback and how to improve it in the future or setting new goals and expectations for another period. This exercise enables the employee to identify the strengths to build on and weaknesses to improve through training which can breed organization citizenship behavior and employee retention.

Zineldin (2000) define retention as an obligation to continue to do business or exchange with a particular company on an ongoing basis. Employee retention entails attracting of employees into organizations and having possession over them in order to realize the best out of them as far as performance is concerned. It is generally agreed that recruitment internally ensures the attainment of the right people with the right skills which is likely to sanction employee retention since it is self-motivating in real practice.

1.2.4 Contextual Background

Mbale DLG was legally established on 31st January, 1953 by the government of Uganda and has a total population of 875 employees. Between July, 2007 and June 2012, Mbale District experienced labor turnover of a number of staff in various departments. These staff went to central government and non government organizations. Cases cited was that of the Chief Finance Officer leaving for KCCA, District planner for MOFPED, District Director of Health Services for USAID, District NAADS coordinator for UNDP, Secretary Land board for Uganda Christian University, Physical planner for Ministry of Lands and Urban Development and Senior Procurement Officer for Ministry of Education and Sports, 7 Accounts staff, 8 Agricultural Officers and 15 nurses. Equally important to note, the District probation Officer and Senior Assistant Secretary took early retirement to compete for MP positions (Mbale DLG, 2010)

It is possible to assert that since they left for higher positions they were attracted by better benefits ranging from financial to non financial. Therefore, retention of employees in finance, production and Health departments proved more futile despite efforts made to motivate, train and appraise them. It is against this back ground that the researcher has been prompted to undertake a study on the ongoing state of affairs since the highlighted period is when most staff left.

1.3 Statement of the Problem

Mbale DLG like other local governments in Uganda is a public service organization which recruits staff with an objective of long service. Across all levels of management, top, middle and bottom, graduates of degrees, diplomas and certificates are remunerated accordingly on the basis of their qualification, experience, job title and job description with monetary and non monetary rewards. These among others include salary, allowances, bonus pay, training opportunities,

recognition, job security, promotion after rigorous performance appraisals, gratuity and pension pay during retirement age as provided by the Uganda Public Service Standing Orders revised Edition 2010.

According to the staff report dated 30th June, 2012 from the office of Principal Human Resource Officer Mbale District, a total of thirty nine senior employees and junior staff left Mbale DLG from the departments of Finance, Production, Health, Management and Planning, among others. This state of affairs raised a lot of concern among politicians, staff, development partners, retired officers and the communities who directly benefited from their services though the district had made efforts to replace them. It also negatively impacted on the performance of the district because of the time lag the district took to mobilize resources to advertize and replace the gaps created. The reasons for their leaving could have been attributed to either leadership styles, organisational behaviour, interpersonal behaviour, work based environment, low pay, un equitable training support or subjective performance appraisal, to mention but a few. In order to address the concerns of staff, politicians and the entire community, the study concentrated in finding the effect on employee rewards, training and performance appraisal on the retention of employees. Staff turnover reveals that the degree of employee job satisfaction does not seem to be appealing. Landman (2000) in his study found out that failure to retain desired staff translates into organizational loss of image, expertise, continuity and greatly affects productivity and competitiveness.

1.4 Purpose of the Study

The purpose of the study was to examine the effect of human resource practices on retention of employees in Local Governments in Uganda, with specific reference to Mbale District Local Government.

1.5 Specific Objectives

- i. To establish the effect of rewards on retention of employees in Mbale District Local Government.
- ii. To examine the effect of training on retention of employees in Mbale District Local Government.
- iii. To investigate the effect of performance appraisal on retention of employees in Mbale District Local Government.

1.6 Research Questions

- i. What is the effect of rewards on retention of employees in Mbale District Local Government?
- ii. What is the effect of training on the retention of employees in Mbale District Local Government?
- iii. What is the effect of performance appraisal on the retention of employees in Mbale District Local Government?

1.7 Research Hypotheses

- i. Rewards influence retention of employees.
- ii. Training influences retention of employees.
- iii. Performance appraisal influences retention of employees.

1.8 Conceptual Framework showing the effect of Human Resource Practices on retention of employees.

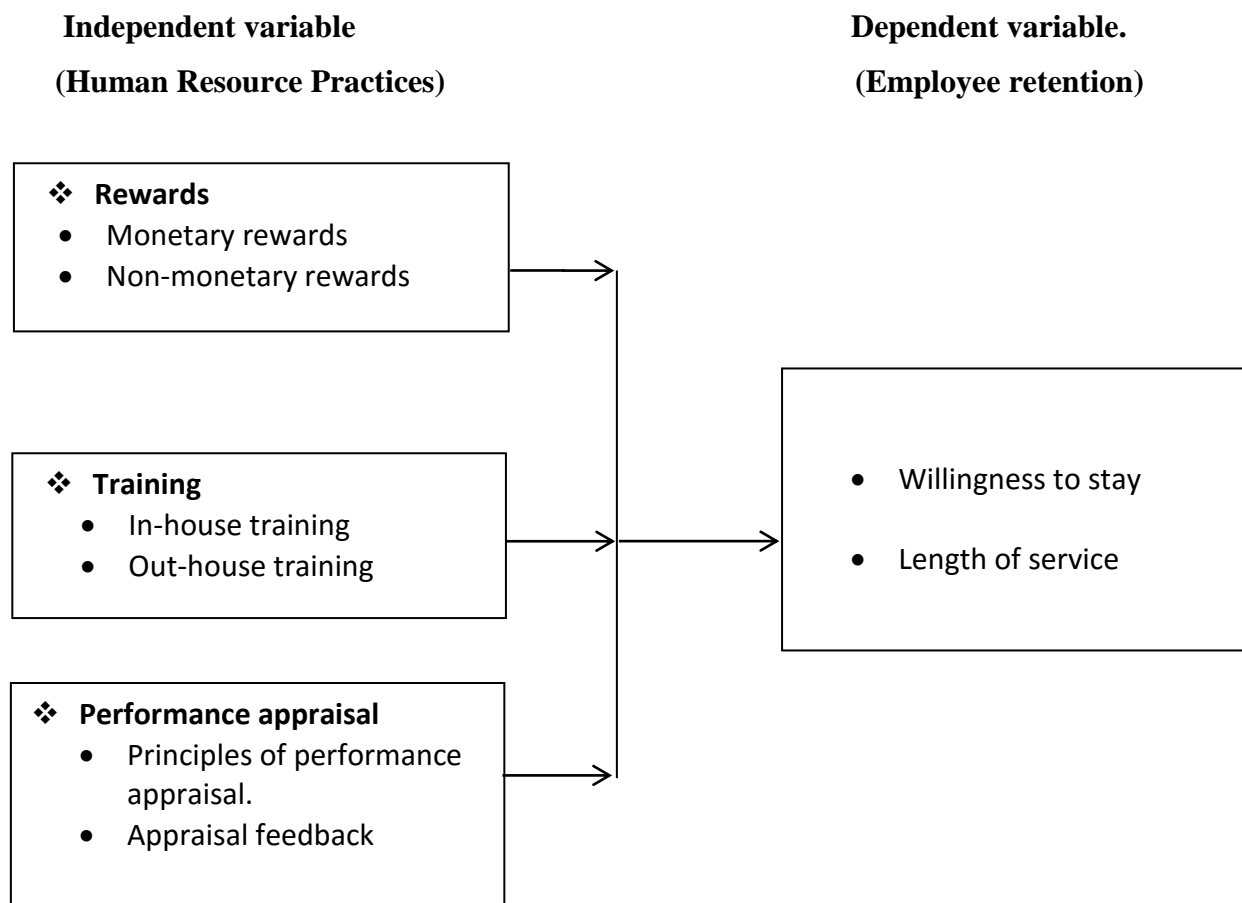


Figure 1: Conceptual framework

Source: Adopted from Frederick Herzberg (1959) and Dessler (2011)

To guide the proposed study, several concepts which affect employee retention were developed into a conceptual framework and this illustrated the cause and effect relationship between the

identified variables. In the framework human resource practices was conceptualized as the independent variable and represented by rewards (monetary and non-monetary rewards), training (in house and out house) and performance appraisal (principles and feedback). Employee retention was the dependent variable and represented by willingness to stay at the workplace and length of service of the employee at the workplace. It was conceptualized that employee retention was influenced by rewards, training and performance appraisal, thus when these human resource practices are put into play, retention of employees' increases and when not, retention of employees diminishes. This further implied that apart from hygiene factors, managers should give attention to motivators if employees were to be retained and become assets rather than liabilities to the organization.

1.9 Significance of the Study

The study may act as a framework for managers and policy makers who would need a new conceptualization of how rewards (Monetary and non-monetary rewards), training (in house and out house) and performance appraisal (principles and feedback) would influence employee retention in a local government.

The government of Uganda, Ministry of Public Service and Ministry of Local Government may also use the study results to make proper decisions on employee retention to minimize labor turn over, costly recruitment and poor performance in the public service.

Students who wish to study the effect of human resource practices on retention of employees' in local governments in Uganda and to relate with other similar situations in other places would also benefit from this study. This would therefore add to the body of knowledge.

1.10 Justification of the Study

Considering the increasing population of Uganda, the creation of many local Governments was an important phenomenon. Services were taken near people and employment opportunities created for them. This alleviated unemployment problem for most learned Ugandans from different Universities and localities. In this regard, it was inevitable to put in place strategies of retaining such recruits to minimize hire costs and loss of talent. Statistical data from records of the Human Resource Department indicated that for the period ranging from Financial Years July, 2007 to June, 2012 many workers voluntarily left Mbale District and moved to work with private organizations and central Government. Therefore investigation on rewards, training and performance appraisal as possible human resource practices that caused gaps in employee retention was worthwhile. The study therefore helped to suggest strategies which would be employed to improve employee job satisfaction, performance and public image of the district in order to enjoy a competitive edge in the future.

1.11 Scope of the Study

The scope of study entails geographical area, content and time the research covers.

1.11.1 Geographical scope

The study was carried out at the headquarters of Mbale district local government. The findings were taken to be representative of other local governments.

1.11.2 Content scope

The subject of study was the effect of human resource practices on retention of employees in local governments in Uganda. The independent variable was human resource practices with the attributes of rewards, training function and performance appraisal. On the other hand, the

dependent variable was retention and focused on labor turnover, willingness to stay and length of service.

1.11.3 Time

The study covered a period of five years (2007-2012) since it was the period when Mbale D LG faced its largest exodus of staff since inception. In response, the study sought to assess the factors responsible for this labour turnover. Due to constraints in terms of time and finance, the study was limited to Mbale district headquarters.

1.12 Operational Definitions

Rewards

Refer to drives or stimulants used to satisfy the needs of employees in order to act in a desired manner to the organization. They are financial and non-financial but play a big role in influencing the degree of performance.

Monetary rewards

These are financial benefits employees get for offering their services to the organization. These include: salary and wages, allowances, bonus pay, fuel, travel ticket, to mention but a few.

Non – monetary rewards

These are non financial benefits given to workers for the good services they render to the organization. For instance advancement, recognition, achievement, among others.

Training

This is a process of imparting specific skills, abilities and knowledge to an employee in order to improve his or her current or future performance. Skills imparted can be in Management, Law, Research, Health, Agriculture, Education, Engineering, Accounts, among others.

In-House Training

This is training done on job or within the organization. This includes induction, orientation, mentoring, coaching, among others.

Out-House Training

This is training done outside the organization from institutions of higher learning or universities. This includes role play, case study, conference method, program instruction to mention but a few

Performance Appraisal

This is a mechanism used to assess the ability of the employees (subordinates) to do their job. It is jointly executed by senior staff and subordinates. This helps to correct weaknesses and thus strengthen the capacity of workers to do work well.

Employee Retention

Employee retention is keeping or holding employees in their posts. This saves the organization from unplanned recruitment costs which can arise from voluntary resignation.

Willingness to stay

Is the desire of an employee to remain and continue working with the organization.

Length of Service: Refers to the period of active service by employees in an organization.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter presents the literature advanced by some of the previous scholars related to the topic under study. The essence of reviewing related literature was to bring in view what other scholars have already found out about the problem in question as well as identify potential research gaps. This chapter reviews literature on this study and covers the theoretical, conceptual, literature review and the summary of the literature review. The dimensions of the independent variable being investigated as likely to affect retention were reviewed accordingly.

2.2 Theoretical review

Mugenda and Mugenda (2003) define a theory as a system of explaining phenomena by stating constructs and laws that inter-relate these constructs to each other. In this study apart from Herzberg' theory, Maslow's theory will also be utilized in assessing the overall effect of motivators on retention.

2.2.1 Herzberg's Two factor theory

Herzberg (1959) two factor theory argue that employees are motivated by internal values rather than values that are external to the work. In other words, motivation to work is internally generated and is propelled by variables that are intrinsic to the work which include achievement, recognition, the work itself, responsibility, advancement, and growth. Conversely certain factors induce dissatisfying experiences to employees and these factors largely result from non-job related variables also called extrinsic variables. These are company policies, salary, coworker relationships and supervisory or management styles, wok environment (Armstrong, 2009). This

theory was relevant to this study in that it recognized that employees have two categories of needs that operate in them and that both ought to be addressed.

Studies such as Ssesanga *et al*, (2005) used a model developed from Herzberg theory to establish factors influencing job satisfaction of academics in Uganda. Michael (2008) and Samuel *et. al*,(2009) used the theory to establish motivational variables influencing staff retention in private and public organizations in South Africa. Radivoev (2005) used the theory to study factor influencing retention of Sales Consultant in South Africa. This theory therefore guided the researcher in establishing determinants of staff retention in Local governments in Uganda with special reference to Mbale District Local Government.

2.2.2 Abraham Maslow's theory

Abraham Maslow's theory of hierarchy of needs is reviewed to explain the problem of employee retention as follows: Abraham Maslow (1943) uses the hierarchy of needs to explain employee retention and attrition. According to Maslow, motivation of employees is ranked into five needs in ascending order. To start with are physiological needs, then safety or security needs, affiliation or belongingness, self esteem and self actualization.

The first three are categorized as lower level needs and the last two as higher level needs. In the organization setting, physiological needs are reflected in the needs for adequate heat, air and base salary to guarantee the employee's survival of safety needs for security and protection from danger. Social needs are for interaction with other people, belongingness, love and may more. In the work place these needs affect the employee's desire for good relationships with co- workers, participation in work group and positive relationship with supervisors.

The last two are self esteem and self actualization needs. Esteem is the desire for respect which promotes the employee's standing or status, reputation, need for attention, recognition, achievement, responsibility and appreciation for contributions to the organization. Self actualization refers to the desire for self fulfillment, drive for self development, creativity and job satisfaction. This involves developing one's full potential, competency and becoming a better person. This argument is true because the rewards that Local Governments give to its best employees are repeated year after and this reduces their potential as a motivator and makes them to appear as routine benefits. Therefore it was important for managers to introduce new products to offer to best performers to increase their job satisfaction and reduce turnover.

2.3 Human Resource Practices and Employee Retention

Based on the research by Chang and Chang (2008), effective human resource practices such as education and training, rewards, a performance acknowledgement system, communication, authorisation, and power were able to lower the intention of employees to leave the organisation, which means that they were willing to stay with the same organisation. Chew and Chan (2008) also discovered that training and development as well as remuneration and recognition showed positive relationships with the intention to stay in the organisation. However, Altarawmneh and Al-Kilani (2010) claimed that only the implementation of a job analysis will affect the employee's intention to stay or leave.

In addition, Govaerts et al., (2011) said that talented employees are willing to continue working in the organisation if the management implements an appreciative learning and working climate. Factors that are associated with the employee's intention to stay are also important to the management in order to develop strategies that may facilitate the intention of employees to stay in the same organisation (Nedd, 2006). The subsequent cost related to the staff turnover such as recruitment and training of new employees can be reduced through implementation of strategies.

Besides that, Mudor and Tooksoon (2011) revealed that supervision, job training, and pay practices are important attributes that could increase the job satisfaction which indirectly reduces the turnover intention of employees. They also stated that organisations should take into consideration job satisfaction and implement human resource practices in the workplace to reduce turnover and achieve organisational goals. These are likely to increase the intention of employees to stay in the industry. Khan et al. (2011) discovered different results for the quantitative and qualitative methods they used for their studies. The former method, which used the questionnaire distribution approach, showed that work-life balance, training and development, constituent attachment, and culture contributed significantly to the retention of employees. In the interview approach, they found that the prestige offered, learning environment, promotion and growth, empowerment and sense of ownership, facilities, chances of socialisation and recreational activities, international brand name and good will, teamwork and cooperation, as well as ease of communication contributed to the retention of employees. Hence, effective human resource practices should be implemented in order to increase the intention of employees to stay or remain in their organisation.

2.4 Rewards and employee retention

In a competitive business environment, many employing organizations are looking at developments in excellence and increase in productivity while minimizing costs. An employee reward system is one way of motivating employees to change work routines and key behaviors to the benefit of an organization. In this regard, reward activities are frequently used by the organization to attempt to retain employees (Farris, 2000). The objective of any organization is not only to recruit personnel but also to maintain, develop and retain such manpower. Organizations ought to put in place effective manpower retention mechanisms like a sound motivation policy to motivate their staff. Employees will feel materially comfortable to render wholesome services to their employer when they are offered attractive remuneration package.

Hansel, et. al, (2004) point out that attractive packages which are consistently and promptly remitted, tend to attract and retain staff. Remuneration comprises of both monetary rewards like fixed and variable pay and non- monetary rewards such as recognition, praise, achievement, advancement, responsibility and many more.

Highhouse (1999) emphasizes that employees must come to see pay for what it is; just one element in a set of management practices that can either build or reduce commitment, teamwork and performance. Hence, pay practices should be congruent with other management practices and reinforce them rather than oppose their effects in order to promote employee retention. In this respect, the study was conducted to adopt various measures of compensation mentioned in literature to show how they related to employee retention in Mbale district local government.

2.4.1 Monetary rewards and employee retention

According to Armstrong (1999) financial or monetary rewards are rewards that provide financial recognition to people for their achievements in the shape of attaining or exceeding their performance targets or reaching certain levels of competence or skill. Monetary rewards are in most cases tangible. These can be bonuses in form of a token of appreciation may be for working on a public holiday as is the case in a number of telecommunication companies. The need for monetary reward as a key to retain employees is well established in literature. Messmer & Taylor (2001) argue that provision of economic rewards comprises a major motivator. According to Denny (1997), the interesting thing is that most people believe that money is the biggest incentive; however it is interesting how people easily spend the money in an attempt to get recognition. The greatest incentives include money and recognition. This in most cases is salary

paid at the end of the month in appreciation of the service rendered as is the case with Mbale DLG.

Financial rewards according to Nakacwa (2005) in a study about rewards and job performance of secondary school teachers in Kawempe Division are economic gains one secures from a job, and include things like salaries, job bonuses and fringe benefits. Cole (1997) emphasized that provision of stable monetary rewards contribute to employee commitment and stability on the job. Armstrong (2003) points out that monetary rewards have a powerful effect on freedom from worry, fear, and contamination by the organization environment. If fair monetary rewards are adjusted to employees and their basic needs are accessible, their levels of commitment would rise and would be contented to continue working for an organization.

While the literature shows a close positive relationship between financial rewards and employee retention, Kyarisiima (2010) contends that in many developing countries like Nigeria, Tanzania and Uganda civil servants receive weak base salaries and hence are not motivated with the amounts received. He further explains that even if it is difficult to estimate total wages because of the variety of rewards received in addition to basic salary like allowances, travel tickets, fuel, job security, among others, the civil service of these countries has experienced a fall in real wages and this could be due the changes in the cost of living. Insufficient salaries partly explain deviant or predatory behavior and weak performance of civil servants. Such poorly remunerated civil servants engage in corrupt tendencies like bribery, embezzlement, diversion, stealing government property and cheating working hours as a means of compensating for low pay. As long as civil servants believe they are unfairly treated one should expect to witness dysfunctional behaviors on their part such as low morale, lack of discipline, absenteeism and labor turnover

(Namae, 2010). According to Armstrong (2009), the word compensation is sometimes used as an alternative to reward but it seems to imply that work is unpleasant necessity for which people have to be compensated rather than spending their time profitably elsewhere. The implication of low pay is that such public servants pretend to be working when in the actual sense they are not because of the pressure to secure residual income elsewhere.

Besides, Gregory Smith (2001) contends that money bring the workers in the organizations but not necessarily to keep them. He adds that money satisfies the employee but it not sufficient to retain the employee. Money is not considered a primary retention factor (Brannick, 1999). In earlier studies carried out, it was found out that the retentive effects were the major reason that UK employers originally established occupational schemes in the nineteenth and early twentieth century's. In the context of this study therefore, it is arguably true to assert that though pension can impact upon employee tenure, it varies from country to country and organization to organization and is different when it comes to public service.

2.4.2 Non-monetary rewards and employee retention

Non-monetary rewards are also referred to as indirect pay which includes: Sick pay, insurance cover and company cars. These comprise of remuneration given in addition to the various forms of cash pay and also include provisions for employees which are not strictly remuneration such as holidays. Maicibi (2007) in his definition of non financial rewards, he includes indirect financial rewards arising from work itself, such as; achievement and autonomy. Such non-monetary rewards are believed in one way or the other to affect job commitment and employee retention either negatively or positively. According to Armstrong (2009), talking on the role of non-financial rewards in enhancing employees' commitment on the job observed, "essentially the notion of total reward is to reward people than throwing money at them". Non-financial

rewards can make workers more comfortable on the job. He adds that creating a fun, challenging and empowered work environment in which individuals are able to use their abilities to do meaningful jobs for which they are shown appreciation is likely to be a more certain way to enhance commitment to the organization and thus reduce the labor turnover rates.

Luthan et al.,(2006) looked at the impact of non-monetary rewards (incentives on the business unit outcome and commitment of employees amongst support staff of Virginia Polytechnics Institute and they found out that there was a positive relationship between non-monetary incentives and employee organizational commitment. When employees were provided non-monetary rewards like housing, flex time, telecommunicating, vacation, learning and development opportunities, recognition of achievements, tasks or other assignments and sincere praise, their organizational commitment increase leading to low employee turnover and the reverse was true.

Empirical studies on the relationship of non-financial rewards and employee retention are many. For example, in the study conducted by War (1956) cited in Cole, 1997) on non-financial rewards and its effect on teachers' commitment in Britain demonstrated that money is not the sole reason for working. A large sample of men and women were asked as whether they could continue working if it were not financially necessary. Sixty nine percent of the men and sixty five percent of women revealed that they would carry on working even if it were not financially necessary. While the above study showed a positive correlation between non-financial rewards and employee retention, the context in which the study was conducted was greatly different from the one in which the researcher undertook in this study.

In the same way, Namutebi (2006) in a study about reward management practices and job commitment of secondary school teachers in Wakiso District empirically found out that when employees are rewarded non-financially through things like recognition and assigning them with responsibilities. Their job commitment to the organization increases more than that of employees who are only rewarded through monetary incentives. In the same study, Namutebi found out that there are challenges with non-financial rewards that affect employees' commitment such as employees' failure to acknowledge the value of non-financial rewards. However, the study context was different from the one this study targeted. Evidence to this is drawn from differences in independent variables.

2.5 Training and Retention

Smith (2001) states that all organizations will do a better retention job by spending more on training and development. A business that provides education and training will be more competitive and productive and will win the loyalty of its workforce. The same is true for public sector departments including local government though this may motivate employees to leave for better paying jobs in the private sector.

Meyer et al (2003) suggest that employee learning which encompasses learning and development but when also related to *socialization within the workforce* contributes to retention. This is done by providing employees with the means to deal with stress related to job demands and change, serving as a barrier for willingness to quit the organization. Thus, training provides employees with support necessary to face the on-going challenges related to their work. Though this may be more effective in the private sector, quantifying labor productivity as a result of training in local governments is also given much attention as revealed from the results of the study

In a study in 2002, American business invested nearly 54.2 billion dollars on corporate training according to training magazine (Galvin, 2003). Some of these investors had been shown to impact on retention of employees. However, the majority of the studies examining the relationship between training and retention focused on traditional hires of employees. Very little research examined the role training plays in the retention of experienced hires. This need was studied in Mbale DLG as labor retention and it was established that highly experienced workers were less likely to stay as compared to the less experienced employees.

Wunsch & Ottemoeller (2004) argues that to achieve good governance at all local levels and to improve service delivery to citizens, more efforts and resources should be channeled to educate leaders at all levels on the on the need and benefits of the changes in the local government system and the new roles and responsibilities for bringing about required changes. Despite the fact that their study was on training in local governments, its output was measuring impact on employee service delivery and not labor retention which called the need for this study.

2.5.1 In house training and employee retention

Review of the HR literature confirms that good retention is about more than what a company does once an employee has been hired and established within the organization. How companies recruit and provide orientation in the first days on the job can be of crucial importance to keeping workers over a longer term. Failure to effectively recruit and orient employees may impose significant separation and replacement costs down the road. Gregory Smith (2001) attributes 60% of undesirable turnover to bad hiring decisions on part of the employer. Smith adds that bad hiring decisions cover a number of considerations, including overly hasty selection processes that fail to ensure that the job candidate really has the adequate skills and qualifications to do the job for which she or he is hired. While Smith looked at undesirable hiring decisions on part of

the employer, this study focused on desirable hiring decisions Mbale DLG uses to retain its employees.

Diddle (1999) asserts that providing a good initial orientation to the newly hired employee can not only help to effectively integrate that person into the workplace but can also help to make the new person feel welcome and provide him or her information about how to cope with the demands of the workplace, and any possible problems that may arise. These can be important elements of the socialization process, and some companies spend two weeks or more on orientation as evidenced from Mbale DLG, during which they provide information about the company, its values, structure, goals, objectives, clients, customers and history (Foundation for Enterprise Development, 1994).

According to Frank (2002) mentoring and coaching are tools valuable in transferring intangible and tacit knowledge. This is done by pairing experienced workers with less experienced workers over a period of time, allowing the less experienced partner to observe and absorb the actions of the mentor and coach. Mentoring and coaching are also effective tools in induction training and provide intergeneration knowledge which enable workers to share lessons learned as the mentoree will often have the chance to benefit from the mentors experience. Such training gives the new staff a strong foundation and strengthens his or her attachment to organization which is an attribute to employee retention. The study by Frank (2002) however doesn't measure directly the overall effect of the training on employee retention. It measures the level of attachment to the organization but does not put into consideration other factor that can make this person stay or shift to another organization which this study ascertained.

2.5.2 Out house training and employee retention

Messmer (2000) states that investment on employee training and career development is important factor in employee retention. Messmer further points out that the organization has the incentive to make investment in form of training and development only on those workers, from whom organization expect to return and give output on its investment. The question is how does training achieve this? Kaufman & Hotchkiss (2006) concluded that educational reimbursement is an example of general training as the skills acquired can be of use to many different employers. As a result companies have no incentive to pay for general training but it is the workers themselves that bear the cost (Frazis & Spletzer, 2005). This must be the case for local governments since promotion and pay raises go through highly bureaucratic government processes even after the training has been done. This study ascertained the extent to which this was true in Mbale DLG and found out that the relationship between the two was significant.

Metcalf (2005) observed that human resource managers like Heads of Departments do not always have skills needed to develop staff and do not see staff development as one of the responsibilities of their post while on another extreme many expressed the view that training courses are available for those who are interested. What stems from this view is that there are mixed feelings with regard to training and lack of interest was acute in respect of research staff who tended to be overlooked in all respects by Heads of Departments. The main reason for this lack of interest in training is parallel with what the results of the study reveal on Heads of Departments of Mbale District Local Government.

2.6 Performance Appraisal and Employee Retention

Organizations are run and steered by people. It is through people that goals are set and objectives are realized. The performance of an organization is thus dependent upon the total sum of performance of its members. The success of an organization will therefore depend on its ability to measure accurately the performance of its members and use it objectively to optimize them as a vital resource (Biswajeet, 2009). In the present highly competitive environment, organizations have to ensure peak performance of their employees continuously in order to compete and survive at the market place effectively (Prasad, 2005). Performance of an individual can be defined as the record of outcomes produced as specified job functions or activities during a specified time period (Bernardin, 2007). The term performance refers to a set of outcome produced during a certain period of their job time and does not refer to the traits, personal characteristics, or competencies of the performer. The evaluation of employee's performance reveals the contribution of an individual in the organization's objectives. People do not learn unless they are given feedback on the results of their actions. For corrective actions to take place feedback must be provided regularly and it should register both successes and failures which are key instruments in employee retention (Biswajeet, 2009). However, this does not put into account the way performance appraisals are in different organizations. It also does not consider the fact that feedback whether good or bad may be a stepping stone for them to find better alternatives. The findings imply that appraisal feedback had a corresponding significant improvement in the retention of employees.

Performance appraisal is described as merit rating in which an individual is rated as better or worse in comparison to others. This is one of the oldest and most universal practices of management (Tripathi, 2005). This process reveals how well employees perform their jobs when

performance is compared with the predetermined set of standards. Merit rating is used basically for promotion of employees and this is an attribute to employee retention. However performance appraisal is more comprehensive term for such activities, because its use extends beyond ascertaining eligibility for promotion. Such activities may be training and development, salary increase, transfer, discharge among others (Prasad, 2005).

According to Rotundo (2002) performance appraisal inform a number of HR decisions related to compensation, training, promotion and even termination. Performance appraisal is a successful retention tool when closely aligned with on-going training and development. However, as part of the human resources policy that values open communication, performance appraisal allow objectives and values to be effectively communicated to employees and can ensure a steady stream of critical feedback about business processes. Appraisal of performance among employees is conducted by applying several methods and it has a number of benefits alike, ranging from issues of retention of employees and their level of performance (Armstrong, 1999). The style of leadership used while appraising subordinates is considered effective in as far as retention is concerned and the relationship between the supervisor and the supervisee play vital role in employee turnover intention. Supervisors in the process of appraising performance interact as a bond to perform application between the expectations and stated goals. By harmonizing the conflicting demands, supervisors support and manage inside/outside work environment. If the relationship among workers and supervisors is exceeding/strong, the worker may never seek to any other employment opportunity but rather stay in the organization and vice versa. Employees leave the leaders not jobs so leader support is essential in this regard (Ontario, 2004). Thus to ensure accurate performance appraisal management, supervisors must discuss progress with employees outside the time of formal evaluation. This is likely to assist workers to

find the right place in the organization, not only move in the hierarchy next position but equally be retained (Freyermuth, 2007). So in relation to Mbale DLG, there was need to ascertain the extent to which employers interact with their employees in order to determine its effect on employee retention and the results indicated a high degree of correlation between the level of interaction and employee retention in Mbale DLG..

Russell & Russell (2011) point out that performance appraisal system is a process but not a single event, a format and not a form. The process or format area of concern includes all the doubts about the purpose, process and outcomes of performance appraisals. When reading through the research conducted on performance appraisals, a major issue that arose time and time again was the integration of the performance appraisal within the organization daily functions and overarching ideology. Without the full support of integrating the performance appraisal process from the top all the way down, the performance appraisal has no chance of being implemented successfully. The study revealed that the success of performance appraisal in Mbale DLG was attributed to top management support

Furthermore assessments made by management are often not comparable across the organization and do not fit into the pre-existing job descriptions and developmental and administrative systems established by the organization. Another apparent challenge for performance appraisal to be effective is that they are not given enough time to be completed. The appraisals may be set to assess jobs that have immeasurable outcomes or abstract natures. The system also seems to accurately and reliably measure extreme performance and do not reliably differentiate middle-range performances.

Grote (2010) and others suggested many aspects to change. They recommended more measurable goals, frequent feedback on performance, reduction of biases in appraising employees, appraisers to be better trained in appraising employee job performance achievements, periodic and continuous audit/review of the effectiveness of the performance appraisal system. Such suggestions were embraced by the Chief Administrative Officer and Heads of Departments and this made performance appraisal an effective instrument in employee retention in Mbale District Local Government.

2.6.1 Performance Appraisal Principles and employee retention

According to Republic of Kenya Guide to the Performance Appraisal System in the Civil Service and Local Authorities (2008), Performance Appraisal system is a critical component of the overall human resource management function in the civil Service and Local Authorities. It is predicated upon the principle of work planning, setting of agreed performance targets, feedback and reporting. It is linked to other human resource management systems and processes including recruitment, placement, staff development, career progression, incentives and sanctions.

On the other hand, the Ugandan Public Service Guidelines for managers and staff (2007), stipulate that the performance appraisal exercise is supposed to be based on the principles of fairness, transparency, objectivity, and openness. Fairness- The appraisal system is supposed to be guided by impartial and reasonable judgements or actions taken by the Appraisers and Appraisees devoid of personal biases. This makes the two parties involved in the exercise to accept the standards set. Impartiality makes the appraisee to build confidence in the appraiser and to work towards meeting the targets set which eventually leads to longer periods of service. All these principles if implemented accordingly can play a pivotal role in employee retention and attainment of organizational goals.

Armstrong (1999) points out that some managers misuse performance appraisal interviews as court sessions instead of providing a basis for regular dialogue between teams, individuals and managers. In another study, Onzoma (2007) noted that employees who are afraid to talk to their managers may not tell the truth and are likely not to disclose ideas. In most cases subordinates' doubt the fairness of performance appraisal and think that the whole process has a hidden agenda. This will eventually motivate staff to like the exercise and to strengthen their attachment to the organization which will eventually lead to higher levels of employee retention.

2.6.2 Performance Appraisal feedback and employee retention

Appraisal provides the mechanism to provide effective feedback on achievement of which is an important factor in improving performance (Williams, 2002). The CIPD (2006b) see feedback as: *“one of the quickest and easiest ways of improving performance, relationships and motivation”*, pp 22.

This is indeed in line with the goal setting theory, however it is vital for the author above to remember that at times feedback may be given on time but the decision makers may drag their feet for one reason or another before right action(s) are taken. This process involves clarifying the job role, and responsibilities, and explaining how these contribute to the wider organization goals. For example the employees within a department may have varied needs some requiring coaching, others counseling training, re-setting performance standards or even linking the system to pay.

Roberts (2003) asserts that an effective staff appraisal process requires proper and orderly feedback and when this is done just once a year, there will be feedback deficiency. On the contrary feedback should be an ongoing thing and not a once in a while do. In essence good feedback is the raw material of employee participation, growth and retention because it's critical

in maximizing benefits. Without good and timely feedback employees will never know formally their shortcomings so as to make necessary and professional adjustments for better performance and achieving desirable employee career development along the way. This may force them to move on to other organizations owing to the fact that their expectations about the results of the appraisal might be low. The study reveals that this exercise is once in a year and this can cause feedback deficiency. It would be good if Mbale DLG made it an ongoing exercise on a monthly or quarterly basis.

2.7 Summary of Literature Review

One of the major conclusions from the literature reviewed indicates that low employee retention was often a symptom of workers dissatisfaction with their job resulting from inadequate rewards, poor working conditions, subjective performance appraisal and lack of training support to staff though much of the work had been done in private organizations. Therefore managers need to examine the sources of labor turn over and recommend best strategies like developing sound, fair and consistent regulations. This can lead to employee retention and make their organizations to enjoy competitive advantage in the labor market globally. This is because employees in most organizations are influenced to work depending on the degree of satisfaction of their needs. Research in relation to local governments on employee retention remain wanting, even if reviewed literature reveals significant issues about rewards, training and performance appraisal as being the cause of low employee retention, there could be other underlying factors that need to be investigated.

CHAPTER THREE

METHODOLOGY

3.1 Introduction

This chapter focused the methodology of the research proposal. The methodology consisted a set of methods and techniques the researcher used to carry out the study successfully (Amin, 2005).The key areas covered in this chapter were research design, study population, sample size, sampling techniques and procedure, data collection methods, instruments of data collection, validity and reliability of instruments, data collection procedure, data analysis and measurement of variables.

3.2 Research design

A cross sectional survey design was used to examine different aspects at one point in time, to generate quick self-reports from the selected participants under study and to help me think systematically about aspects in a given situation. This design was selected because the scope of study is wide to enable the researcher to save time and minimize expenditure of repetitive visiting of respondents. The unit of analysis was individual. Each individual was considered a data source. The Heads of Departments were the key informants. The responses generated from participants were generalized to represent the whole population. The study aimed at collecting data from the respondents on their attitudes and opinions in relation to employee retention in Mbale District Local Government particularly in the departments of Finance and Administration, Production and Health. The research used both primary and secondary data. The study embraced a triangulation of both quantitative and qualitative approaches.

3.3 Study population

Dooley (1995) as cited by Odiya (2009:154) defines a study population as the collection of all the individual units or respondents to whom the results of the survey are to be generalized. For this study, the population consisted of the employees in Local governments in Uganda. The target population was the employees at Mbale District Local Government headquarters. The accessible population was employees in selected departments of administration and finance, production and health. Employees from these departments were selected because they could be easily accessed at the time of the interview and were representative of the target population as advised by Mugenda & Mugenda (2003). The population frame included a total of 13 Heads of Departments and sections, 22 Accountants, 4 Auditors, 466 Nurses, 30 Clinical Officers, 52 Agricultural Officers and 2 Secretaries all adding to a grand total of 589.

3.4 Sample Size Selection

In this study data was collected from staffs in the departments of Finance and Administration, Production and Health. Finance and Administration had a population of 30, Production 60 and Health 499. From this population a sample was drawn basing on the table from (Morgan and Krejcie, 1970).

Table 3.1 Selection of sample size according to Morgan & Krejcie (1970) table.

Representative population	Population frame category	Accessible population	Sample size	Sampling technique
Finance & Administration	Heads of Depts	4	4	-Purposive
	Accountants	22	19	
	Auditors	4	4	
Production	Heads of sections	6	6	-Purposive
	Agricultural officers	52	44	-Simple random
	Secretaries	2	2	-Purposive
Health	Heads of sections	3	3	-Purposive
	Nurses	466	210	-Simple random
	Clinical officers	30	28	-Purposive
Total		589	320	

Source: Human Resource Records, Mbale DLG (2012).

3.5 Sampling Techniques and Procedure

Doscombe (2000) asserts that a sample needs to be carefully selected if there is to be confidence that the findings from the sample are similar to those found among the rest of the category under investigation. Two sampling techniques were used that is probability and non - probability sampling.

3.5.1 Probability sampling

This is a type of sampling which allows a known probability that each elementary unit will be chosen according to Singleton and Straits (2005). It is at times referred to as random sampling. Types of random samples include simple random sample, systematic random sample, stratified sample, cluster sample, among others (Mugenda & Mugenda, 2003). This type of sampling is applicable to quantitative research approach. Simple random sampling was used in this study to ensure that every officer had an equal and independent chance of being selected. This was based

on the staff list, sampled names were randomly selected from the list and contact made based on the selected names.

3.5.2 Non – Probability sampling

This is the type of sampling which does not allow each elementary unit to be chosen. It is also called non – random sampling and used in qualitative research. Types of non probability samples include purposive sampling, accidental, convenient, snow ball and many more according to Welman and Kruger (2000). Purposive sampling was selected because it provides specialized information on the area of study and saves time and money as recommended by Mugenda & Mugenda (2003). Because of the typicality and usefulness of data, the researcher used it to select the Heads of Departments, Accountants, Auditors, Secretaries and Clinical officers.

3.6 Data Collection Methods

Data collection refers to gathering specific information aimed at proving or refuting some facts (Mugenda & Mugenda, 2003). Data was collected using the Questionnaire survey, Interviews and documentary review methods.

3.6.1 Questionnaire Survey Method

This method was used where a questionnaire involved a pre-formulated written set of questions to which respondents record their answers, usually within rather closely defined alternatives in a survey form. This method was used since it is an efficient and convenient data collection mechanism. The survey questionnaire therefore focused on both the independent and dependent variable. This method involved a collection of items to which a respondent is expected to react and is usually in writing. It enabled the researcher to collect a lot of information over a short

period of time. It was an appropriate method for this study since the population is literate and also large (Oso & Onen, 2009). A total of 254 questionnaires were distributed to Officers from the three departments. The researcher selected this instrument because the respondents could read, understand and answer the questions.

3.6.2 Interviews

Interview is another method which was used to collect data in this study. An interview refers to oral or face to face questioning where the investigator gathers data through direct verbal interaction with the respondents. Interviews were used to get the story behind the participants' experience and to obtain in depth data on the topic under investigation (Amin, 2005). In this study the researcher interviewed 3 heads of departments and one (1) Auditor who were the accessible key informants,.

3.6.3. Documentary Review:

Kothari (1990) recommends review of documents as a way of collecting secondary data. To him, the method is cost effective because it saves time and energy that would be spent in the field collecting primary data. Relevant documents including the Annual District Development Plans, District Service Commission Proceedings and Annual Reports were reviewed by the researcher to obtain relevant data according to the themes and sub- themes of the study. The other documents that were reviewed are outlined in the documentary review checklist.

3.7 Data Collection Instruments

It refers to tools that aid the collection of information from respondents. The Researcher used both qualitative and quantitative data Collection instruments. These among others included:

3.7.1 Self Administered Questionnaire

Questionnaire refers to a form of interrelated questions prepared by the researcher about the research problem under investigation. It was derived from purpose of study or general objective and scored using a five Likert Scale ranging from strongly agree to strongly disagree in regard to responses to items questioned. According to Mugenda and Mugenda (2003) measurement of the variable give the researcher information regarding the extent of individual difference on a given variable. It was therefore on this basis that the appropriate measuring instruments were used to measure the variables and to categorize data in an orderly form using the five Likert Scale on the questionnaire. The questionnaire was administered to 254 respondents. Questionnaires were used to collect quantitative data and had been chosen because it is easy to read and generate quick answers since the respondents are literate. This enabled the researcher to distribute and collect all completed responses in a short period of time. A questionnaire is quick and easy to administer as compared to interview guide.

3.7.2 Interview Guide

Is an instrument which consists of unstructured questions used for in depth interviews with key respondents to validate the range of information. Interviews refer to dialogue or conversation between two or more parties. In this case the researcher interacted with selected members of staff using an interview guide. Interviews were used for qualitative data to capture in depth information in order to complement data collected by structured questionnaires. This gave the researcher room to probe and capture nonverbal cues not covered by the questionnaire.

3.7.3. Documentary Review checklist:

Relevant documents were reviewed including minutes, work plans, previous reports among others from Mbale Local Government. From this, relevant literature was got to supplement the information got from primary source identified in the study.

3.8 Data Quality Control

These are steps and measures taken to ensure that the instruments used are adequate and dependable to give the right findings to the study. To control the quality of data collected, the researcher carried out validity and reliability tests of the instruments as explained below:

3.8.1. Validity of instruments;

Amin (2005) define validity as the extent to which the instrument measures what it is supposed to measure. The researcher used Content Validity Index to ensure validity of instruments as defined in Lawshe (1975). Here content related experts particularly the departmental heads and supervisors were given questionnaires to determine whether the instruments to be used were worthy or relevant to measure the variables of study. Besides, further discussions were tabled with academic colleagues to ensure validity or appropriateness of data collection instruments. The researcher conducted a pre-test of questionnaires on a group of 4 respondents within Mbale District Local Government who did not take part in the actual study from other district departments which were not sampled. This involved judging and scoring the relevant questions in the instruments in relation to the study variables and a consensus judgment given in each variable. The content validity index was arrived at using the formula;

CVI = [Number of item declared valid/Total number of items]. CVI above 0.70 was considered to ensure the instrument was valid. The result obtained from the determination of CVI out of 50 questions was as below:

Table 3.8.1: Determination of Content Validity Index

Judge	Number of item rated	CVI
A	24	0.70
B	9	0.71
C	11	0.73
D	6	0.75
Average		0.72

The average Content Validity Index obtained was 0.72 which was good enough for the researcher to go ahead with data collection as proposed by Polit et, al.(2007). According to them a CVI is considered acceptable if it is greater or equal to 0.72 and less than or equal to one.

3.8.2 Reliability of instruments:

Osuala (2001) defines reliability as the extent to which the instrument produces consistent results. Besides, Amin (2005) also define reliability as the consistence in measuring whatever was intended to be measured. Reliability was established by use of Cronbach’s Alpha Reliability technique (Cronbach, 1988). The researcher executed a pilot test by giving four respondents out of the sampled population questionnaires to determine the consistence of the questionnaires

before distributing them to the sampled respondents. It was anticipated that if the computed alpha using four respondents is 0.7 and above for each of the variables, then the instrument was considered reliable for the study. The results of the reliability analysis of instruments were as in the table 3.7.2 below:

Table 3.8.2: Values of Cronbach’s coefficient alpha of Variables

	Variable	Alpha	Number of items
1	Rewards	0.930	24
2	Training	0.777	9
3	Performance Appraisal	0.880	11
4	Employee Retention	0.900	6
	Average Total	0.8712	

The values obtained from analysis of instrument from pre-test gave alpha value greater than 0.70 for the respective variables and hence the instrument was generally considered good according to Kline (2000). He notes that if the Cronbach Alpha lies between 0.7 and 0.9 inclusive, the internal consistency of the instrument is considered good.

3.9 Data collection procedure

After defending the proposal, the researcher obtained an introductory letter from Uganda Management Institute (UMI) and presented it to the district authorities to ask permission to execute the research. This assisted her to get audience from the respondents. At this level the

researcher explained to the participants their rights in order to encourage participation. Next, she gave a brief on the purpose of the questionnaires, assured them that the information given would be treated confidentially. Questionnaires were distributed and later collected at an agreed time when complete. For the case of interviews, the researcher purposively approached selected respondents of the sampled departments and agreed with them the convenient time to meet. The researcher went ahead to build a rapport with the respondents before the real interview exercise commenced according to the interview guide. Data collected from respondents was edited to ensure that information given was accurate, complete and consistent.

3.10 Data analysis

According to Sekaran (2003) data analysis is evaluation of data. Here the researcher edited, coded and entered data collected using both quantitative and qualitative methods into the computer using the computer program of Statistical Package for Social Scientists (SPSS). Data was classified under different names and frequency counts accompanied with relevant narratives. In coding, the researcher assigned codes to each likely answer and specified how other responses were to be handled. For example the researcher might allocate 5 to strongly agree, 4 to agree to mention but a few.

3.10.1 Quantitative data analysis

Self administered questionnaires provided data for quantitative data analysis. After editing and coding, quantitative data was presented using frequency tables and mean. The variables of study were tested using Spearman Correlation Coefficient Index to indicate the degree of relationship between the two variables.

3.10.2 Qualitative data analysis

Qualitative data was analyzed descriptively basing on the main themes developed by the researcher on each of the major variables of study. Qualitative data analysis involved analyzing data obtained from interviews. The researcher assembled data gathered from the field and analyzed it by coding to generate description of the setting in order to decide on representative themes in qualitative narrative and final interpretation of the lessons learnt.

3.11 Measurement of the variables

According to Mugenda & Mugenda (2003) measurement of the variable give the researcher information regarding the extent of individual difference on a given variable. It was therefore on this basis that the appropriate measuring instruments were used to measure the variables and to categorize data in an orderly form using the five Likert Scale on the questionnaire as indicated below:

1	2	3	4	5
Strongly disagree	Disagree	Undecided	Agree	Strongly agree

Numbers were assigned to the different variables to serve as its name and create similarities or differences using nominal scale. This aided the researcher to understand differences between the variables.

3.12 Ethical Considerations.

In keeping with standard research, immediately after approval of the research proposal, the researcher obtained a letter of introduction from UMI. Using this letter, the researcher was introduced to the Management of Mbale Local Government, seeking permission to conduct the study at the district head quarters.

The researcher explained the nature and purpose of the study, informed the potential respondents that they are free to participate in the study or not to. They were informed that whatever information they would provide, would be treated with utmost confidentiality and it would be used exclusively for purposes of the study. In addition, the researcher assured the respondents that their identities would remain anonymous, and that if they so wished, they would have access to the final copy of the study report which would be made available to the office of the district Chief Administrative Officer (CAO).

CHAPTER FOUR

PRESENTATION, ANALYSIS AND INTERPRETATION OF THE FINDINGS

4.1 Introduction

This chapter focuses on the results obtained from the relationship between rewards, training and feedback from appraisals and the retention of employees in Mbale District Local Government. First, the respondents' profiles are outlined and explained using descriptive statistics. Then an explanation of rewards, training and feedback is given in comparison with the extent to which they contribute to the retention of employees in Mbale District Local Government. The corresponding hypotheses tested in this study are explored using tests of significance, spearman correlation coefficients and their meanings drawn in line with the research objectives.

4.2 Response Rate

A response rate is defined as the proportion of individuals selected in a sample who are eligible and ultimately participate in the survey. Response rates are used as a common metric for evaluating survey quality under the premise that a high response rate will produce findings that are more representative of the population of interest (Johnson, 2012). A response rate of 50% and above is considered representative. In this study, the target sample was 320 respondents from the three selected departments and the study managed to get 224 of the respondents creating a 70% response rate (220 Questionnaires, 4 Interviews). This means that that the data obtained from the respondents could equitably represent the anticipated population.

Table 4.2 Response rates from questionnaires and interviews

	Representative Population	Sample Size	Obtained Sample	Response Rate (%)
1.	Finance & Administration	27	19	70.3
2.	Production	52	40	76.9
3.	Health	241	165	68.5
	Total	320	224	70.0

4.3 Background of the respondents

Data concerning the background information of the respondents from questionnaires was collected in this section. Details concerning the gender, education level attained, age and the years in service at the present position from the 220 questionnaire respondents are presented in the sections that follow.

4.3.1 Gender of the Respondent

Information concerning gender of the person involved at the district was collected and the results presented in table 4.3.1 below.

Table 4.3.1: Gender of the Respondents

		Frequency	Percentage (%)
1	Male	134	60.9
2	Female	86	39.1
	Total	220	100.0

Source: Data from field

From the above table, statistics show that majority (60.9%) of the respondents were male while the rest (39.1%) were female. The results imply that the Mbale DLG had more male employees as compared to their female counter parts. This suggests that issues concerning labour turnover and retention of employees in Mbale DLG is more likely to affect men compared to their female counterparts.

4.3.2 Age of the Respondents

Corresponding information was also gathered on the age of the interviewed respondents.

This was categorized as can be seen in table 4.3.2 below;

Table 4.3.2: Age group of Respondents

		Frequency	Percentage (%)
1	21-30 years	84	38.2
2	31-40 years	84	38.2
3	41- 50 years	27	12.2
4	51-60 years	25	11.4
	Total	220	100.0

Source: Data from field

The results from the table above show that most staff (38.2%) were from the age categories 21-30 years and 31-40 years (38.2%). Few staff were above 40 years of age (23.6%). The results imply that majority of the staff at Mbale DLG were young and energetic staff who were capable of moving easily if the conditions at Mbale district were not convenient for them. This implies that a person's age is likely to play a role in the retention or turnover at the district.

4.3.3 Staff Education level

Information was also collected of the highest education level attained by these staff and the results presented in table 4.3.3 below.

Table 4.3.3: Staff Education level

	Education	Frequency	Percentage (%)
1	O level	34	15.5
2	A level / Certificate	64	29.1
3	Diploma	91	41.4
4	Bachelors	19	8.6
5	Post Graduate	12	5.5
	Total	220	100.0

Source: Data from field

The study results show that majority of the staff had attained up to Diploma level or its equivalent with (41.4%) followed by those who attained A level education with (29.1%) while only 8.6% and 5.5% had attained bachelor's degrees and post graduate qualifications respectively. It also paramount to note that 15.5% had attained O level education. The statistics above imply that the education levels of the staff in Mbale DLG were relatively low. This level of education is likely to be a major factor behind the low labor turnover rates among Mbale district staff. However, a relatively high percentage of respondents (84.5%) had attained A level and above which indicates that majority of the study respondents had a high ability to understand the research instruments and questions.

4.3.4 Number of Years in Service

Information was also collected from the respondents concerning the number of years they had spent in service at the district. This would be fundamental in ascertaining the retention of employees at the district.

Table 4.3.4: Number of years in Service

		Frequency	Percentage (%)
1	Less than 5 years	64	29.1
2	5-10 years	93	42.3
3	Over 10 years	63	28.6
	Total	220	100.0

Source: Data from field

The results show majority (42.3%) of the staff had spent between 5-10 years in service with Mbale DLG followed by those that had spent less than five years with 29.1% and then those over 10 years with 28.6. The statistics imply that the DLG had spent a number of years without recruiting staff. This implies that the level of retention of employees in Mbale DLG is relatively high and thus the respondents were experienced enough to give credible and reliable information.

4.4 Rewards and Employee Retention

Descriptive statistics (in form of percentages) on the variables under study are used below and then followed by inferential statistics to test the relationships between those variables and make conclusions thereof. Spearman correlation coefficients and tests of significance were used to accomplish this. The table 4.4.1 below presents the responses of staff on questions employee rewards.

4.4.1 Findings on Employee Rewards

Table 4.4.1: Descriptive statistics on Rewards

		1	2	3	4	5
	Monetary Rewards					
1	My pay is adequate	.0%	.0%	.0%	60.5%	39.5%
2	My pay is good in relation to the cost of living	.0%	.0%	.0%	50.0%	50.0%
3	My pay is low compared to the position i hold	.0%	13.2%	5.3%	31.6%	50.0%
4	I am paid overtime when I work for long hours	.0%	.0%	.0%	78.9%	21.1%
5	I get cash bonuses when i perform my duties satisfactorily	.0%	2.6%	5.3%	55.3%	36.8%
6	I get salary increment every year	.0%	2.6%	2.6%	63.2%	31.6%
7	I get per diem when i travel out of the station while on duty	.0%	28.9%	13.2%	15.8%	42.1%
8	I will be paid pension when statutory requirement stops	.0%	.0%	.0%	52.6%	47.4%
9	I am paid monthly housing allowance	2.6%	5.3%	2.6%	50.0%	39.5%
10	I am paid medical allowance	.0%	.0%	2.6%	44.7%	52.6%
11	I get lunch allowance	.0%	7.9%	13.2%	34.2%	44.7%
12	I get transport allowance	15.8%	28.9%	13.2%	28.9%	13.2%
	Non Monetary Rewards					
13	The promotion criterion in Mbale Local Government is fair	.0%	.0%	.0%	73.7%	26.3%

14	Promotion is based on performance	15.8 %	13.2%	13.2%	42.1%	15.8%
15	Promotion encourages me to work harder	.0%	.0%	5.3%	50.0%	44.7%
16	I have been able to get an additional qualification through district sponsorship	.0%	.0%	.0%	63.7%	36.3%
17	I have been able to get great skills through my current position at work	.0%	.0%	13.2%	47.4%	39.5%
18	I was given a certificate of merit for good performance	.0%	13.2%	26.3%	36.8%	23.7%
	I am given challenging tasks and opportunities for advancement	.0%	.0%	7.9%	50.0%	42.1%
19	I am given responsibility which makes me feel work is important and to take charge of the office operations	.0%	.0%	7.9%	47.4%	44.7%
20	My schedule of duties is well defined	.0%	.0%	13.2%	47.4%	39.5%
21	Recognition is regularly done	.0%	13.2%	26.3%	36.8%	23.7%
22	I was recognised for good performance	.0%	.0%	.0%	50.0%	50.0%
23	My opinions are taken into account	.0%	13.2%	5.3%	31.6%	50.0%

Key 1 = Strongly Disagree 2 = Disagree 3 = Un decided 4 = Agree 5 = Strongly Agree

Source: Data from the field.

Statistics show that all employees agreed that their pay was adequate while still all employees believed that in relation to that cost of living, their pay was good. Similarly, all the respondents agreed that they were paid over time when they worked for long hours. The results also indicate that majority of the employees (91.9%) affirmed that they were given cash bonuses when they performed their duties satisfactorily. Those that were neutral and those that disagreed formed 5.3% and 2.6% respectively. The results above present a good picture in monetary rewards at Mbale DLG.

The respondents were asked about if they got annual salary increments, per diem when they travelled on official duties, monthly housing allowance, lunch allowance, medical allowance and transport allowance. The study results still reflect that majority (94.6%) agreed that they got annual salary increments while those that disagreed and neutral were at both at 2.6%. Similarly,

57.9% affirmed that they obtained per diem when they travelled, 28.1% disagreed while 13.2% were neutral. It also recorded that most of them either agreed that they obtained monthly housing allowances (89.5%), lunch allowances (78.6%), medical allowances (97.3%) and transport allowances (42.1%). The results imply that monetary rewards were a fundamental factor in the life of the workers at Mbale LG. The results imply that the provision of monetary rewards was likely to be key in retaining employees in Mbale DLG.

The study results show that all the interviewed staff in Mbale DLG believed that their on job promotions in were fair while 99.7% agreed that promotion encouraged employees to work harder. It was also discovered that the bigger majority of the staff in Mbale DLG had been able to get additional qualifications through district sponsorship. It is also paramount to note that a number of staff were able to improve skills through their current jobs (Agree = 86.9%, Neutral = 13.15%), recognition was regularly done (Agree = 60.5 %, Neutral = 26.3% and Disagree = 13.2%), employees' opinions were taken into account (Agree = 81.6%, Neutral = 5.3%. Disagree = 13.2%) and employees were accorded challenging duties for advancement (Agree = 92.1 %, Neutral = 7.9%%). This means that just like the monetary rewards, the non monetary rewards were greatly valued in Mbale DLG. This was likely to impact greatly on the retention of the employees.

4.4.2 Testing the first hypotheses

The first hypothesis stated that, *There is a relationship between rewards and retention of employees.* Spearman's correlation coefficient (*rho*) obtained by using the data from the 220 questionnaires determined the strength of the relationship between the two variables. The coefficient of significance (*p*) was used to test the findings by comparing *p* to the critical

significance levels. This procedure was applied in testing the second and third hypotheses in sections 4.5.2 and 4.6.2

Table 4.4.3: Correlation between Rewards and Employee Retention

			Rewards	Employee Retention
Spearman's rho	Rewards	Correlation Coefficient	1.000	.536**
		Sig. (2-tailed)	.	0.000
		N	220	220
	Employee Retention	Correlation Coefficient	.536**	1.000
		Sig. (2-tailed)	0.000	.
		N	220	220

** . Correlation is significant at the 0.01 level (2-tailed).

Findings show that a reasonable correlation ($\rho = 0.536$) exists between rewards and employee retention. The coefficient of determination, which is a square of the correlation coefficient ($\rho^2 = 0.287$) was computed and expressed as a percentage to determine the variance in the employee retention due to the rewards given to the employees. These results imply that rewards (both monetary and non-monetary) accounted for 28.7% variance in the retention of employees in Mbale DLG. The significance value of 0.000 which is far below the critical significance value of 0.01 affirms that there is a variant relationship between the two variables. Therefore, the hypothesis “*There is a relationship between rewards and retention of employees*” was accepted.

The implication of these findings is that an improvement in the rewards system in itself leads to reasonable (28.7%) change in the retention of employees in Mbale DLG and vice versa.

An interview with the most of the key informants further confirms that when funds were available, the rewards were awarded accordingly but could not be availed to the beneficiaries in case of a deficit. One official pointed out that among others:

We have gone without rewards for the last four years and that there were no standard procedures on which to base those that were getting rewards. He noted that: in the past, the rewards had been given out irrationally.

Another of the key informants noted among others that they had been poorly motivated, the remuneration was equally poor, minimal promotional opportunities, segregation during training opportunities.

This means that there were some irregularities in awarding the monetary rewards and this would affect staff motivation in away and would increase labour turnover rates among the more qualified staff.

4.5 Training and Employee Retention

In order to ascertain how training relates to the retention of employees, use of descriptive statistics was made to bring out the views of the staff on training. Then inferential statistics were used to draw overall conclusions on the subject matter.

4.5.1. Training

To understand the views of staff on training, table 4.5.1 below presents percentages of responses to each of the nine items and meanings drawn thereafter.

Table 4.5.1: Descriptive statistics on in house and out house Training

		1	2	3	4	5
1	My supervisors mentor me to understand the work	.0%	7.9%	.0%	42.1%	50.0%
2	I was given introduction training after first appointment	.0%	7.9%	.0%	71.1%	21.1%
3	There is a general awareness about existing training programs in the district	.0%	.0%	.0%	71.1%	28.9%
4	There are regular training opportunities given to me	.0%	.0%	.0%	31.6%	68.4%
5	The nature of my workload and perceived work freedom permit me to go for training outside the workplace.	.0%	7.0%	13.0%	15.2%	64.8%
6	There is supervisory encouragement to go for training	1.5%	4.1%	.0%	85.1%	9.3%
7	The criterion for selecting participants is fair and acceptable	.0%	2.0%	.0%	57.5%	40.5%
8	Knowledge and skills gained from training enhance my capacity to deliver better services	.0%	2.0%	2.0%	45.5%	50.5%
9	Local government pays my tuition and other institutional requirements whenever am admitted for further studies in higher institutions of learning	.0%	1.0%	0.5%	67.5%	31.0%

Key 1 = Strongly Disagree 2 = Disagree 3 = Un decided 4 = Agree 5 = Strongly Agree

Source: Data from the field

The study results reveal that the employees had been mentored by their supervisors to understand their work (Strongly Agree = 42.1%, Agree = 50%). In addition, they had been given adequate

training after the first appointment (Agree =71.1%, Strongly Agree = 21.1%, Disagree = 7.9%). This was backed up by the fact that most of the respondents (71.1%) agreed that there is general awareness about existing training programs while 28.9% strongly agreed. The results further reveal that there are regular training programs given to the employees (Agree =31.6%, Strongly Agree = 68.4%). This means that in house training programmes to the employees are given priority in Mbale DLG. This is likely to reduce on the labor turnover rates and improve on the retention of employees at the district.

The study also revealed majority of the employees were able attend training workshops outside their official places of work, (Strongly Agree = 64.8%, Agree = 15.2%) and that their supervisors encouraged them to attend training (Agree = 85.1%, Strongly Agree = 9.3%). The results show that the criteria for selecting participants was fair (Agree = 57.5%, Strongly Agree = 40.5%). It was also discovered that the knowledge and skills obtained after the training enhanced the capacity of the employees to provide better services (Agree = 45.5%, Strongly Agree = 50.5%) This means that the environment at Mbale DLG is conducive for effective outhouse training and this is likely to motivate employee to stay in their jobs.

4.5.2. Testing the second hypothesis

The second hypothesis stated that: *Training has a great influence on the retention of employees.* The table below shows spearman correlation values and the significance levels when relating the two variables obtained from the questionnaires.

Table 4.5.2: Correlation between Training and Employee Retention

			Training	Employee Retention
Spearman's rho	Training	Correlation Coefficient	1.000	.568**
		Sig. (2-tailed)	.	0.000
		N	220	220
	Employee Retention	Correlation Coefficient	.568**	1.000
		Sig. (2-tailed)	0.000	.
		N	220	220

** . Correlation is significant at the 0.01 level (2-tailed).

The findings in table 4.5.2 above present a relatively strong positive correlation ($\rho = 0.568$) between training and the retention of employees in Mbale DLG and a corresponding coefficient of determination ($\rho^2=0.323$). This means that training (in house and out house) accounts for 32.3% variance in the retention of employees in Mbale DLG. These findings were subjected to a test of significance (p) and it is shown that the significance of the correlation (p = 0.000) is less than the recommended critical significance at 0.01. The relationship between the two variables was thus significant. Therefore the hypothesis *Training has a great influence on the retention of employees* was accepted. The findings imply that when training is properly done, this has a significant effect on the number of employees being retained and otherwise. The strong correlation implies that training was such a fundamental factor in determining the number of employees being retained in Mbale DLG.

An interview with most of the key informants revealed that this had been achieved however one key informant pointed out that:

There is need to come up with a proper training plan after executing needs assessment and identification of capacity gaps that require training. He also noted that: New officials should be given more information on what is required of them to execute their duties better.

Another key informant highlighted that some of the good courses necessary to take the district staff to another level were not offered in the country and could only be attended from abroad. Accordingly, the district was not in position to sponsor its staff and went on to recruit new staff with those qualifications hindering the progress of the existing staff.

This means that some functions of the training wing had not been properly done because of lack of adequate planning in capacity building and this might have effect on the quality of training and number of trainings attained. This likely to negatively impact of the employee retention level in Mbale DLG.

4.6 Performance Appraisals and Employee Retention

Like in the previous sections 4.4 and 4.5 above, to analyze the relationship between feedback from appraisals and the retention of employees in Mbale DLG, descriptive statistics are presented first then inference drawn.

4.6.1. Performance Appraisals

The responses of staff on the eleven questions assessing the extent to which feedback from performance appraisals is done are presented in the table below.

Table 4.6.1: Descriptive statistics on Performance Appraisals

		1	2	3	4	5
1	Performance appraisal feedback encourages me to work hard	.0%	5.3%	5.3%	34.2%	55.3%
2	I have developed good working relationship with my supervisor through performance appraisal interaction	0%	0%	15.8%	44.7%	39.5%
3	I communicate well with my supervisor as he prescribes for me what to do in the performance appraisal process	.0%	.0%	.0%	81.6%	18.4%
4	My attitude towards work is positive because of performance appraisal feedback	.0%	.0%	.0%	44.7%	55.3%
5	Performance appraisal feedback has enabled me to be promoted	.0%	.0%	.0%	44.7%	55.3%
6	My supervisor based on performance appraisal feedback to assign me extra duties.	.0%	.0%	.0%	47.4%	52.6%
7	Performance appraisal feedback has enabled me to know my performance gaps	.0%	.0%	2.6%	71.1%	26.3%
8	The criteria for performance appraisal is fair and acceptable	.0%	.0%	13.2%	50.0%	36.8%
9	Performance appraisal is done openly and provides room for explaining the reasons for the actions and inactions	7.9%	.0%	7.9%	44.7%	39.5%
10	Appraisal is done objectively because the decisions on performance are based on facts and professional predictions rather than the supervisor's opinion	2.6%	7.9%	.0%	50.0%	39.5%
11	Performance appraisal is participatory and interactive because it allows my full involvement in the exercise	.0%	.0%	7.9%	55.3%	36.8%

Key 1 = Strongly Disagree 2 = Disagree 3 = Un decided 4 = Agree 5 = Strongly Agree

Source: Data from the field

The study results reveal that performance appraisal feedback encouraged employees of Mbale DLG to work harder as 89.5% agreed, 5.3% disagreed and another 5.3% were neutral. It means that employees that employees a high emphasis on feedback from appraisals which assesses them and lets them know how they have been performing. . Also employees were able to develop good working relationship with their supervisors through performance appraisal interactions as 84.2% agreed to this while 15.8% were neutral. This implies the good working relationship is likely to motivate employees to stay. The study al revealed that the attitude of all the employees in Mbale DLG towards work had improved because of performance appraisal feedback. This implies that feed back from appraisals is such a fundamental force towards employee motivation which is highly likely to motivate employees to stay. This is evident as all employees asserted that they had been promoted in some way through performance appraisals feedback. Similarly, all employees affirmed that their supervisors had given them extra duties because of the feed back from performance appraisals. This further emphasizes the importance of feed back in evaluating the performance of employees.

To further emphasize this, the study also revealed that performance appraisal feedback enabled majority (97.4%) of the employees to clearly identify their performance gaps while only 2.6% remained neutral. This implies, as the employees get feed back after evaluation, they are able to asses their shortfalls which encourages them to improve.

From another perspective, evidence from the study shows that 86.8% of the employees perceived the way performance appraisal was done in Mbale DLG was fair and acceptable while only 13.2% were neutral. Evidence also shows that 84.2% of the employees believed that the appraisal process was done openly. This is a key booster towards employee confidence in the results.

This appraisal process was also perceived to have been done effectively because of the professionalism involved in making judgments by the supervisors (agree = 89.5%, neutral = 7.9% while 2.6% disagreed). This is likely to motivate the employees to wholesomely believe the results when feedback is provided and act accordingly as may be advised.

The appraisal was also perceived to be interactive and participatory as it allowed the involvement of the employees in the exercise (Agree = 92.1%, Neutral = 7.9%). The results mean that provision of appraisal feed back to the employees was so relevant in improving the productivity of the respective individuals as well as their commitment to their jobs. This implies that labor retention will likely be reduced because of the continued commitment of the employees to their respective jobs.

4.6.2 Testing the third hypothesis

The third hypothesis stated that: *Performance appraisal influences retention of employees*. Using spearman correlation coefficients and the associated level of significance for the two variables using data from the questionnaires. The results are presented in table 4.6.2 below.

Table 4.6.2: Correlation between Performance Appraisal and Employee Retention

			Performance Appraisal	Employee Retention
Spearman's rho	Performance Appraisal	Correlation Coefficient	1.000	.657**
		Sig. (2-tailed)	.	0.000
		N	220	220
	Employee Retention	Correlation Coefficient	.657**	1.000
		Sig. (2-tailed)	0.000	.
		N	220	220

** . Correlation is significant at the 0.01 level (2-tailed).

The findings present a strong positive correlation ($\rho = 0.657$) between feedback from appraisals and the retention of employees in Mbale DLG. The corresponding coefficient of determination ($\rho^2 = 0.432$) implies that feedback from appraisals accounts for 43.2% variance in the retention of employees in Mbale DLG. The obtained significance value (p) of 0.00 implies that the relationship between the two variables is very significant since it is less than the critical value of 0.01 in this case. Therefore the hypothesis, *Performance appraisal influences retention of employees* was accepted.

The findings imply that an improvement in providing feedback from appraisals to staff was associated with a corresponding significant improvement in the retention of those employees and vice versa.

4.7 Findings on Employee Retention

Table 4.7.2: Descriptive Statistics on Employee Retention

		1	2	3	4	5
1	I have enjoyed working with the local government for a long time	.0%	7.9%	.0%	42.1%	50.0%
2	The longer the number of years in service the better for me	.0%	7.8%	.0%	71.1%	21.1%
3	The district management team motivates me to work for many years	.0%	.0%	.0%	71.1%	28.9%
4	I have intentions of staying as an employee in the district because of job security	.0%	.0%	.0%	31.6%	68.4%
5	I am strongly attached to the district because the work environment is conducive	.0%	.0%	.0%	59.5%	40.5%
6	I always put in extra time to do my job without being pushed to do so.	.0%	.0%	.0%	64.5%	35.5%

The study results reveal that most of the employees enjoyed working with the local government (Agree = 92.1%) while 7.9% disagreed. This makes them want to stay long in the work which improves the employee retention rate. The study also shows that, the longer the number of years with civil service, the better for employees as majority (92.2%) agreed to that while only 7.8%. This is likely to improve the employee retention rate as employees will desire working longer with the local government. All the employees cited that that the district management team motivated them to work for many years. This could be the major reason why they enjoyed the workplace which positively impacts employee retention.

The results also reveal that all employees had intentions of staying at the district because of job security. This means that employees were rarely terminated at work in the local government. It also means that though each of the above was a major factor contributing towards the retention of employees in Mbale DLG, job security was the most cited reason as many of them were not very highly educated to compete in the private sector according to one respondent who didn't want to be identified. In a likely manner, all employees affirmed that the working environment was conducive and that could explain why all employees would put in extra time to fulfill certain duties without being pushed. This implies that retention of employees is likely to be minimal since employees enjoy what they do.

CHAPTER FIVE

SUMMARY, DISCUSSION, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This chapter details the summary, discussion, conclusion and recommendations to the research findings.

5.2 Summary of findings

From chapter four, findings from the study indicated that there was a relationship between employee retention and rewards. This was established from self administered questionnaires to respondents and also during face to face interview with key informants. The descriptive and inferential analysis also showed more empirical findings on the existing relationship between variables under study. These were summarized according to objectives of the study below.

5.2.1 Rewards and Employee Retention

Results from the study showed that there was a positive relationship between rewards and the retention of employees. A high correlation, $\rho = 0.536$, $\text{sig.} = 0.000 < 0.01$ (2-tailed) indicated significant contribution rewards to the retention of employees in Mbale. When coefficient of determination ($\rho^2 = 0.287$) was computed and expressed as a percentage to determine the variance in the retention of employees due to rewards, it gave a percentage of 28.7 which is a significant value. This implies that rewards offered to employees would improve on the retention of employees by a significant magnitude and otherwise.

5.2.2 Training and Employee Retention

The study findings also revealed a relatively strong positive correlation between training and the retention of employees. The result showed $r = 0.568$, $p = 0.000 < 0.01$, (2-tailed). The relationship between the two variables was thus significant. This explains why training is

required for effective motivation and retention of employees. The strong correlation implied that training was such a fundamental factor in determining the retention levels among employees in Mbale LG.

5.2.3 Performance Appraisal and Retention of Employees

The study set out to assess the contributions of performance appraisal to the retention of employees and the results revealed that there was a strong positive correlation between the two variables in Mbale LG, $r = 0.657$, $p = 0.000 < 0.01$ (2-tailed). The obtained significance value (p) of 0.00 implies that the relationship between the two variables is very significant since it is less than the critical value of 0.01 in this case. The study findings implied that an improvement in performance appraisal mechanisms was thus associated with a corresponding significant improvement in the retention of employees, and hence, the researcher concluded that there is a positive and significant relationship between the two variables.

5.3 Discussion of the Findings

Below are the discussions of findings of the study discussed according to objective by objective.

5.3.1 Rewards and Employee Retention

The first objective sought to assess the contribution of rewards to the retention of employees in Mbale DLG. The results of the study showed that rewards contributed a variance of 28.7 percent to the retention of employees at the district. This finding is similar to that of Hansel, et al (2004) who point out that attractive packages which are consistently and promptly remitted, tend to attract and retain staff. Similarly, Nakacwa (2005) in a study about rewards and job performance of secondary school teachers in Kawempe Division emphasized that financial rewards on job are economic gains and they come in form bonuses and fringe benefits and they are key in employee retention. Cole (1997) emphasized that provision of stable monetary rewards contribute to

employee commitment and stability on the job. The similarity of the study results with the existing literature above could be attributed to the fact that this theory has been proved over the years and seen to yield similar results across different sectors both in private and public institutions and organizations.

However, Kyarisiima (2010) contends that in many developing countries like Nigeria, Tanzania and Uganda civil servants receive weak base salaries and hence are not motivated with the amounts received. He further explains that even if it is difficult to estimate total wages because of the variety of rewards received in addition to basic salary like allowances, travel tickets, fuel, job security, among others, the civil service of these countries has experienced a fall in real wages and this could be due the changes in the cost of living. This difference in findings is highly attributed to the fact that Mbale DLG on top of being slightly far from the center of the nation's economic activity also employed staffs that were not highly educated and this would make them stay even when the rewards were not the best as compared to other sectors of the economy. From the study, the findings confirm that generally, rewards improve employee retention. However, in cases where employees have no immediate alternative, this therefore might be found wanting.

5.3.2 Training and Employee Retention

The study results from the second objective also gave a positive correlation between training and employee retention. Training contributed a variance of 32.3 percent to the retention of employees in Mbale DLG. The positive correlation implied that training was such a fundamental factor in determining the retention of employees at the district local government. This finding is supported by the similarity with that of Gregory (2001), which pointed out all organizations, will do a

better retention job by spending more on training and development. Diddle (1999) further asserts that providing a good initial orientation to the newly hired employee can not only help to effectively integrate that person into the workplace but can also help enhance them to stay with the organization. The similarity could have been due to the similar study setting, which worked with hiring new and less experienced workers as compared to the hiring of the highly experienced workforce who are driven by slightly different factors.

However, Metcalfe (2005) observed that human resource managers may not always have skills needed to develop staff and do not see staff development as one of the responsibilities of their post. This would therefore imply that the retention of employees would therefore be a function of other factors less training. Generally, though, the findings imply that training whether in house or out house had a significant impact on the retention of employees in Mbale DLG, what remains uncertain is whether the same would be true if the study was done among only the more experienced workers and not from a general perspective.

5.3.3 Performance Appraisal and Employee Retention

The results of assessment of the contribution of performance appraisal to the retention of employees showed that improvement in providing feedback to the employees was associated with a corresponding significant improvement in the retention of employees and otherwise. These findings align with earlier findings by William (2002) who confirms that appraisals provides the mechanism to provide effective feedback on achievement which is an important factor in improving performance and retention of employees. Similarly, the CIPD (2006b) also envisaged feedback as one of the quickest and easiest ways of improving performance, relationships and motivation of employees.

Roberts (2003) further asserts that an effective staff appraisal process requires proper and orderly feedback which is the raw material of employee participation, growth and retention because it's critical in maximizing benefits. This similarity in findings comes a result of the fact that appraisals wherever there done ought to have feedback to those being assessed and this will therefore become a motivating factor in employee engagement and retention.

On the other hand however, Armstrong (1999) points out that some managers misuse performance appraisal interviews as court sessions instead of providing a basis for regular dialogue between teams, individuals and managers. In another study, Onzoma (2007) noted that employees who are afraid to talk to their managers may not tell the truth and are likely not to disclose ideas. In most cases subordinates' doubt the fairness of performance appraisal and think that the whole process has a hidden agenda. In such scenarios, feedback may not mean much to the recipients because there is already an existing bias between them and their seniors. This difference with the findings in this study may be attributed to the fact that most of such happenings occur where the senior employees are the owners of the enterprises organizations and are not answerable to anyone. However, from a general perspective feedback was very important factor in determining the retention of employees in Mbale DLG.

5.4 Conclusions

The study looked at how human resource practices affected the retention of employees in local governments and in view of the findings of this study and the literature reviewed, the following conclusions were made.

5.4.1 Rewards and Employee Retention

On job promotions were discovered to be relatively fair which encouraged employees to work harder in local governments. Similarly, a number of staff in local governments had been able to get additional qualifications through government sponsorships at their levels like the case in other studies. Rewards were discovered to be key players in reducing the turnover of labour. It was therefore concluded that rewards were a key factor in retaining employees in Local Governments.

5.4.2 Training and Employee Retention

Like rewards, training was discovered to have a significant effect on the retention of employees. There was a general awareness among employees about existing training opportunities in local governments. This training was even offered after the very first appointment. Similarly, regular training programs had been offered even after the initial training which enhanced their willingness to stay. These would be in terms of in-house training and workshops outside their places of work. Many of the employees indicated that the criterion for selection of employees for training was fair. It was therefore concluded that training employees motivated them to stay with the organization.

5.4.3 Performance Appraisal and Employee Retention

The study results revealed that performance appraisal feedback encouraged employees to work harder. The employees indicated that they were able to develop good working relationship with their supervisors through performance appraisal interactions which boosted their willingness to stay at the current workplace. The employees asserted that they had been promoted in some way through the feedback from performance appraisals. Similarly, the supervisors were found to give their juniors extra duties because of the feed back obtained from performance appraisals. It was thus concluded that performance appraisals were a very fundamental factor in improving the retention levels of employees in organizations. Therefore, inadequate appraisals of employees or lack of it there of increases the level of labor turnover.

5.5 Recommendations

The recommendations for this study took into account all the views and options of the respondents in the study that are summed up in the findings of the study.

5.5.1 Rewards and Employee Retention

Mbale DLG management through its human resource arm should improve rewards by developing a policy framework and provide a budget line for employee rewards. This is because the findings of the study showed that rewards were responsible for only 28.7% of the retained employees. The ordinance will help increase the percentage of employees retained arising from a better reward system.

5.5.2 Training and Employee Retention

Arising from the study results, Mbale DLG council should lobby for some funding from central government to enable staff to attend specialized courses such as aquaculture and development planning among others. This is because the study results show that some of the good courses necessary to take the district staff to another level were only offered abroad and the district was not in position to sponsor its staff. This will increase the intellectual capacity of staff at the district, improve their commitment and reduce employee turnover.

5.5.3 Performance and Employee Retention

In line with the goal setting theory, the management team of Mbale DLG should provide feedback to employees on time as the study results revealed that it had a fundamental effect on the performance of employees. This would further improve employee productivity; promote their confidence and thus their retention.

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APPENDICIES

APPENDIX 1: TABLE DETERMINING SAMPLE SIZE FOR A GIVEN POPULATION ACCORDING TO KREJCIE AND MORGAN (1970)

N	S	N	S	N	S
10	10	220	140	1200	291
15	14	230	144	1300	297
20	19	240	148	1400	302
25	24	250	152	1500	306
30	28	260	155	1600	310
35	32	270	159	1700	313
40	36	280	162	1800	317
45	40	290	165	1900	320
50	44	300	169	2000	322
55	48	320	175	2200	327
60	52	340	181	2400	331
65	56	360	186	2600	335
70	59	380	191	2800	338
75	63	400	196	3000	341
80	66	420	201	3500	346
85	70	440	205	4000	351
90	73	460	210	4500	354
95	76	480	214	5000	357
100	80	500	217	6000	361
110	86	550	226	7000	364
120	92	600	234	8000	367
130	97	650	242	9000	368
140	103	700	248	10000	370
150	108	750	254	15000	375
160	113	800	260	20000	377
170	118	850	265	30000	379
180	123	900	269	40000	380
190	127	950	274	50000	381
200	132	1000	278	75000	382
210	136	1100	285	100000	384

APPENDIX II: QUESTIONNAIRE

Dear Sir/Madam

The purpose of this questionnaire is to examine the effect of human resource practices on employee retention in Mbale District Local Government. This study is part of the requirements for the award of the Masters in Management Studies which I am pursuing at Uganda Management Institute (UMI). Please answer questions freely and according to your understanding. Your responses will be treated with maximum confidentiality and will only be used for this study.

Your cooperation towards this humble request will be highly appreciated.

Thank you.

Stella Wanda

Section A: Background Information (Data about respondents)

In this section of the questionnaire, please tick or circle the response you feel is most appropriate.

1. What is your age range?

- a. Below 20 years b. 21-30 years c. 31-40 years
d. 41-50 years e. 51-60 years d. Above 60 years

2. Gender

a. Male b. Female

4. What is your highest education level?

- a. Primary b. O level c. A level/ Certificate d. Diploma
.e. Bachelors f. Post Graduate

5. Are you an appointed or elected leader/Official?

- a. Appointed b. Elected

6. Under which Local Government Council Organ do you work or serve?

a	Public Service Commission	
b	District Service Commission	
c	Public Accounts Committee	
d	District Contracts Committee	
f	District Land Committee	

7. How many years have you served in this Local Government?

- a. Less than a year b. 5-10 years c. Over 10 years

8. What is your salary scale?

a	U7	
b	U6	
c	U5	
d	U4	
e	U3	
f	U2	
g	U1	
h	U1E	

Section B: SCALE (1= Strongly disagree 2= Disagree 3= Undecided 4= Agree 5 Strongly agree)

Please mark the response you feel is most appropriate.

No	Description of statement	1	2	3	4	5
	Monetary rewards and employee retention					
	Salary					
9	My pay is adequate.					
10	My pay is good in relation to the cost of living.					
11	My pay is low compared to the position I hold.					
	Bonus pay					
12	I am paid over time when I work for long hours.					
13	I get cash bonuses when I perform my duty satisfactorily.					
14	I get salary increment every year.					
15	I get per diem when I travel out of station while on duty.					
16	I will be paid pension when statutory retirement clocks.					
	Special allowances					
17	I am paid monthly housing allowance.					
18	I am paid medical allowance.					
19	I get lunch allowance.					
20	I get transport allowance					
	Non-monetary rewards					
	Promotion					
21	A promotion criterion in Mbale local government is fair.					
22	Promotion is based on performance.					
23	Promotions encourage me to work harder					
	Achievement					
24	I have been able to get an additional qualification through district sponsorship.					

25	I have been able to get great skills through my current position at work.					
26	I was given a certificate of merit for good performance.					
	Responsibility					
27	I am given challenging tasks and opportunities for advancement.					
28	I am given responsibility which makes me feel work is important and to take charge of office operations					
29	My schedule of duties is well defined					
	Recognition					
30	Recognition is regularly done					
31	I was recognized for good performance					
32	My opinions are taken into account at work					
	In house and out house training					
33	My supervisors mentor me to understand the work.					
34	I was given induction training after first appointment.					
35	There is general awareness about existing training programs in the district.					
36	There are regular training opportunities given to me.					
37	The nature of my work that is, work load and perceived work freedom, permit me to go for training outside the work place.					
38	There is supervisory encouragement to go for training.					
39	The criteria for selecting participants for training is fair and acceptable					
40	Knowledge and skills gained from training enhance my capacity to deliver better services.					
41	The local government pays my tuition and other institutional requirements whenever I am admitted for further studies in higher institution of learning					
	Principles of and Feedback from Performance appraisals					
42	Performance appraisal feedback encourages me to work hard.					
43	I have developed good working relationship with my supervisor through performance appraisal interaction.					
44	I communicate well with my supervisor as he prescribes for me what to do in the performance appraisal process.					

45	My attitude towards work is positive because of performance appraisal feedback.					
46	Performance appraisal feedback enabled me to be promoted.					
47	My supervisor based on performance appraisal feedback to assign me extra duties					
48	Performance appraisal feedback has enabled me to know my performance gaps.					
49	The criteria for performance appraisal is fair and acceptable					
50	Performance appraisal is done openly and provides room for explaining the reasons for the actions and inactions.					
51	Appraisal is done objectively because the decisions on performance are based on facts and professional predictions rather than the supervisors' opinion.					
52	Performance appraisal is participatory and interactive because it allows my full involvement in the exercise.					
	Employee Retention					
	Length of service					
53	I have enjoyed working with the local government for a long time.					
54	The longer the number of years in service, the better for me.					
55	The district management team motivates me to work for many years.					
	Willingness to stay					
56	I have intentions of staying as an employee in the district because of job security					
57	I am strongly attached to the district because the work environment is conducive.					
58	I always put in extra time to do my job without being pushed to do so.					

APENDIX III: AN INTERVIEW GUIDE FOR EMPLOYEES IN MBALE DISTRICT.

Masters in Management Studies (MMS) Degree Program at Uganda Management Institute (UMI).

Dear respondent,

This interview guide is designed to study “the effect of human resource practices on retention of employees in Local Governments in Uganda.” The study is being conducted in Mbale district. You have been selected as the key informer.

The information you provide will help the researcher and other stakeholders better understand the effect of human resource practices like rewards, training and performance appraisal on employee retention in the district local government. Since you are one of the senior staff of the local government, I believe you can give a true picture of how you experience the effect of rewards, training and performance appraisal on employee retention.

Your response will be strictly kept confidential.

Issues to discuss are centered on the following:

1. Sources of motivation
2. Training opportunities
3. Staff appraisal process
4. Causes of staff turnover
5. Length of service
6. Reasons for willingness to stay

Thank very much you for your time and interest in answering the questions

APPENDIX IV: DOCUMENTARY REVIEW CHECKLIST

1. Mbale DLG Development Plan from 2007-2012
2. Annual Staff lists 2007-2012
3. Training plan 2007-2012
4. Annual reports 2007-2012
5. Annual budgets 2007-201
6. District Service Commission Proceedings 2007-2012